

Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 IO-13 ISO-00 DHA-02 PM-04 NSC-05 SP-02
SS-15 CIAE-00 DODE-00 INR-07 NSAE-00 PA-01 USIA-06
PRS-01 IGA-02 EB-08 AID-05 OMB-01 /094 W
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R 100902Z FEB 77
FM AMEMBASSY BANGKOK
TO SECSTATE WASHDC 9141
AMEMBASSY VIENTIANE
INFO USMISSION GENEVA
AMCONGEN HONG KONG
AMEMBASSY PARIS
USUN NEW YROK 1740

C O N F I D E N T I A L SECTION 1 OF 2 BANGKOK 3223

DEPT FOR EA/VLC AND D/HA

E.O. 11652: GDS
TAGS: PFOR, TH, VN, LA
SUBJECT: MCC PROJECTS IN LPDR

REF: A) BANGKOK 2065, B) BANGKOK 30253, C) BANGKOK 33802 (76),
D) BANGKOK 2174

1. WE HAVE ANALYZED CONTENTS OF MCC-REPORTED 1977 PROGRAM FOR LPDR (SEE REF A) AGAINST RECENT PAST HISTORY OF INDIVIDUAL PROJECTS, 1976 PERFORMANCE AND CURRENT OUTLOOK FOR SUPPORT AS WE KNOW IT. RESULTS FOLLOW, ADDRESSING IN SEQUENCE THE NARRATIVE OF PARAS 2-4, REF A, AND THEN COMMENTING ON SOME INDIVIDUAL ASPECTS OF \$738,000 PROGRAM FOR 1977 (PARA 5, REF A).

2. THE MODIFIED TRAVEL FORMULA, WHILE IT MAY HAVE SOME COSMETIC VALUE, DOES NOT IMPRESS US AS HAVING MUCH OPERATION OR IMPLEMENTATION MERIT. IN NOVEMBER
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1976 (REF B), WE REPORTED ON WHAT MCC EXECAGENT CHARACTERIZED AS LATITUDE GIVEN HIM FOR SURFACE TRAVEL TO NGAM NGUM, YET A MONTH LATER WE REPORTED (REF C) ON AUSTRALIAN DISILLUSIONS OVER UNACCEPTABLE WORKING CONDITIONS IMPOSED ON THEIR PERSONNEL WHICH PROMPTED VIRTUAL GOA PULL-OUT. MOST RECENT MOVE, THEREFORE, MAY BE NOTHING MORE THAN PLOY IN THE

TRADITIONAL GIVE-AND-TAKE. FURTHERMORE, GIVEN THE DISTANCES, THE STATE OF THE ROADS AND THE RUGGED TERRAIN INVOLVED EIGHT-TO-FIVE TRAVEL OUT OF VIENTIANE EACH DAY REPRESENTS NO REAL CONCESSION AT ALL.

3. PILOT FISH FARM PROJECT ONLY CONTINUES MCC AND USAID/LAOS WORK AT THA NGONE (REF B). PROPOSED EFFORT -- TO BE DUTCH-FINANCED -- WOULD COMBINE IDENTIFICATION/PROPAGATION HIGHER YIELDING VARIETIES WITH POND CULTURE AS ADJUNCT TO DUTCH-FUNDED NGAM NGUM RESETTLEMENT PROJECT. FIRST YEAR FUNDING - (\$36,000 OF \$600,000 PROJECT) WOULD RESULT IN LITTLE MORE THAN DATA COLLECTION AND MODEST DESIGN WORK.

4. SHIPBUILDING AND REHABILITATION FACILITY IS A BRAND NEW IDEA VERY MUCH IN THE INITIAL INQUIRY PHASE. UNTIL COMPLETION FEBRUARY MCC STAFF VISIT, NO FORMAL DOCUMENTATION IS AVAILABLE FOR EVALUATION NOR IS THERE ANY IDEA WHO MIGHT BE THE DONOR FOR THIS \$3.0 MILLION EFFORT; THUS, JUST HOW THE \$66,000 FOR 1977 WOULD BE SPENT IS AN OPEN QUESTION.

5. UPPER NGAM NGUM EXPLORATION IS IN SAME CATEGORY. IN LATE 1975 LAO ASKED MCC FOR ASSISTANCE IN INSTALLING STREAMFLOW AND RAIN GAUGING INSTRUMENTS IN NGAM NGUM IV AREA.
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SUGGESTED 1977 RECONNAISSANCE STUDY HAS NOT BEEN APPROVED BY LPDR NOR HAS A DONOR BEEN IDENTIFIED FOR \$400,000 REQUIRED (\$30,000 FOR 1977). TO SUPPLEMENT INFO IN REF A, THE 250 MGW. PROJECT IS ONE OF TWO, THE OTHER BEING FOR 450 MGW., ACCORDING TO 1974 DESK STUDIES. (COMMENT: IN THE LONG RANGE, NGAM NGUM IV IS OF PRIME INTEREST TO RTG, WHICH HAS AGREED TO TAKE ENTIRE POWER OUTPUT AT PRICES MORE ATTRACTIVE THAN COSTS OF FOSSIL FUEL GENERATION.)

6. THE SE BANG FAI COMPLEX OF PROJECTS DATES FROM A 1974 SURVEY TO CONTROL AND MANAGE WATER WITH SMALL EARTH-FILL DAMS, REDUCING FLOOD DAMAGE TO PADDY LAND AND PERMITTING RAPID EVACUATION OF RAIN WATER AFTER FLOOD PEAKS. AS REPORTED IN REF C. AUSTRALIANS PULLED OUT TECHNICIANS AND HAVE NOT YET INDICATED READINESS TO RETURN. TRAVEL POLICY REPORTED PARA 2 ABOVE NOT LIKELY

TO ENTICE THE AUSTRALIANS BACK.

7. THE NAM THEUN PROJECT CONSISTS MAINLY OF
SECRETARIAT DESK STUDIES. FILED WORK IN 1976
WAS LIMITED TO INSTALLATION -- BY LAO MCC
CADRE -- OF TWO HYDROLOGICAL STATIONS. FRENCH
HAVE ALREADY AGREED AT LPDR TECHNICAL LEVEL
TO SUPPORT PROJECT; POLICY LEVEL APPROVAL OF FULL-
SCALE RECONNAISSANCE NOT YET GIVEN. EVEN WITH GO-
AHEAD, A \$30,000 EXPENDITURE FOR 1977 OF FORECAST
\$1.0 MILLION PROJECT WILL HARDLY SCRATCH SURFACE,
PARTICULARLY IF TRAVEL BY EXPATRIATES RESTRICTED
AS FORECASE IN PARA 2 ABOVE.

8. FISH BREEDING EFFORTS GROW OUT OF NGAM NGUM
RESERVOIR EXPERIENCE. INDIAN EXPORT -- PROBABLY
SAME ONE PROVIDED BY GOI BEFORE -- WILL WORK ON
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TRANSFORMATION NONG TENG -- NEAR VIENTIANE -- FISH
CULTURE STATION TO BREEDING FARM FOR CHINESE
CARP. CONSIDERING OVER HALF (\$64,000) OF TOTAL
\$116,000 REQUIREMENT SLATED FOR 1977, PLANNING
MAY BE WELL UNDERWAY; IDENTIFICATION OF DONOR TO
OUR KNOWLEDGE REMAINS IN DOUBT.

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R 100902Z FEB 77
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C O N F I D E N T I A L SECTION 2 OF 2 BANGKOK 3223

DEPT FOR EA/VLC AND D/HA

9 PROJECT DESIGN EXPERTS WOULD PROVIDE THE DESIGN AND SPECIFICATIONS FOR SMALL WATER RES. PROJECTS -\$100,000 FOR 1977 - PLUS VIENTIANE AND SAVANNAKHET (INCLUDING SE BANG FAI) PLAINS PROJECTS LISTED IN REF A, PARA 5. EMPHASIS IS ON LOCAL WATER CONTROL WITH MINOR HYDROELECTRIC CAPACITY, WHERE FEASIBLE, USING LOCAL MATERIALS (FOR DAMS ONLY) AND VOLUNTARY LABOR. MCC HAS DESCRIPTION OF WORK REQUIRED FOR PROJECT IN NAM HUONG, SAYABOURI PROVINCE; FOR SEVERAL OTHER PROJECTS, ONLY THE SITES HAVE BEEN IDENTIFIED. TRAVEL RESTRICTION WILL INHIBIT.

10. IN TERMS OF 1976 PERFORMANCE, INFORMATION WE HAVE DOES NOT ADDRESS EACH PROJECT LISTED IN PARA 5, REF A, IN DETAIL. WE FIND THAT CONSIDERABLE SECRETARIAT WORK, LISTED BELOW, LAID THE FOUNDATION FOR WHAT IN 1977 EMERGE AS PROSPECTIVE PROJECTS:
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A. NGAM NGUM, PHASE II -- ON SCHEDULE TO 197 COMPLETION. SECRETARIAT PROVIDED SOME EXPERT ASSISTANCE ON CONSTRUCTION PROBLEMS, WHEN AND AS ASKED BY THE CONTRACTOR OR LPDR OFFICIALS.

B. MAIN CHANNEL WORK -- PREPARATIONS FOR CHANNEL CLEARANCE AT KENG KEBAO IN 1976-77 LOW WATER SEASON, INCLUDING PROCUREMENT OF HYDROGRAPHIC AND DIVING EQUIPMENT.

C. NEW PORTS: BANK PROTECTION -- EXPERT SERVICES IN IDENTIFYING SITES REQUIRING MAINSTREAM BANK PROTECTION.

D. SHIPYARD/FLEET REHAB -- STUDY ON DESIGN AND CONSTRUCTION OF PASSENGER BOATS.

E. CASIER SUD -- TWO PROJECTS ARE READY FOR IMPLEMENTATION BASED ON WORK COMPLETED BY UNDP, FAO, IBRD AND ADB; AWAITING AFFIRMATIVE ACTION BY ADB.

F. FISHERIES -- PREPARED DETAILED PROPOSAL
ON DEVELOPMENT/MANAGEMENT OF NGAM NGUM RESERVOIR
FISHERIES; PRELIMINARY PLANNING OF PILOT FISH
FARM; PROVIDED TECHNICAL ADVICE FOR CONVERSION
OF NONG TENG.

11. IN LAOS ITSELF, WE KNOW ONLY FROM THE MCC THAT
SATISFACTORY PROGRESS IS BEING MADE ON NGAM NGUM II.
THE DUTCH RESETTLEMENT PROJECT ASSOCIATED WITH THE
DAM IS REPORTEDLY PROCEEDING ON SCHEDULE. IN
TRIBUTARY PLANNING, REPORTS INDICATE INSTALLATION OF
ELEVEN HYDROLOGY AND FOUR METEOROLOGY STATIONS.
LPDR TECHNICIANS ALSO PROCEEDED WITH INSTALLATION
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OF CHANNEL MARKERS AND ERECTION OF BEACONS IN THE
MAINSTREAM. PROGRESS ON SAVANNAKHET PLAIN PROJECTS
WAS REPORTED IN PARA 4, REF A. THE LPDR CONTINUED
TO PROVIDE DATA FROM LAO STATIONS FOR BASINWIDE
FLOOD FORECASTING. WITH THE PRINCIPAL EXCEPTION OF
THE NGAM NGUM RESETTLEMENT PROJECT, WHERE THE DUTCH
HAVE A TECHNICIAN WORKING OUT OF VIENTIANE, IT IS OUR
UNDERSTANDING THAT ON-SITE ACTIVITY IN THE LPDR
WAS CARRIED OUT BY LAO TECHNICIANS WITH SOME
MANAGEMENT INPUT FROM MCC LAO CADRE.

12. GENERAL COMMENT: TAKEN AT FACE VALUE, THE
\$738,000 MAY BE REALISTIC IN TERMS OF WHAT QUOTE
MIGHT BE DONE UNQUOTE. FACT REMAINS,
HOWEVER, THAT A NUMBER OF PROJECTS LACK POLICY
APPROVAL AT THIS STAGE. GIVEN THE SECRETARIAT
MODUS OPERANDI, DESCRIBED IN REF D, FOR NATIONAL
PROJECTS, TIME REQUIRED FOR SECRETARIAT TO PRODUCE
NEGOTIABLE PROJECT DOCUMENTS AND FOR LPDR TO NAIL
DOWN DONOR SUPPORT THROUGH BILATERAL CHANNELS,
CONSIDERABLE SLIPPAGE MAY RESULT. AS POINTED OUT
ALSO IN REF D, SECRETARIAT'S BUDGET FOR 1977 CONSISTS
FOR THE MOMENT OF ONLY THE \$750,000 FROM UNDP;
DONORS HAVE YET TO CONFIRM THE AVAILABILITY OF
ADDITIONAL \$250,000.
WHITEHOUSE

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